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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 12, 1991

Mr. William D. Petty
c/o DHC Corporation
Landic Roppongi Building
4-11-13 Roppongi
Minato-Ku, Tokyo 106
Japan

Dear Mr. Petty:

Re: Reclamation and Transfer of Surety, Happy Jack Mine, M/037/024, Atlas Minerals, San Juan County, Utah

Thank you for the photos and detailed narrative you sent describing the Happy Jack reclamation. Both have helped me immensely in furthering this transfer.

I have enclosed a copy of the updated surety estimate. As we discussed, the figure is based on the remaining revegetation work only. The \$2,000 figure is developed from a base amount of \$1755 plus a 10% contingency, plus an escalation factor based on a three-year waiting period. The three-year period is standard for determining complete release.

To complete the transfer of the Happy Jack from Atlas' ownership to yours, we will need: 1) the new \$2,000 surety; 2) the transfer document filled in by both parties; and 3) a new Reclamation Contract. If I can get this information by July 10, 1991, I will be able to take it before the Board of Oil, Gas and Mining for approval on August 1, 1991.

I believe I have sent all the necessary documents to Mr. Eric Swenson in Monticello. If not, please contact me as soon as possible and I will forward them to him.

The Division sincerely appreciates the extra efforts you have put forth in reclaiming the site (both pre-law and post-law portions), and the time you spent ensuring that the reclamation was done according to our discussions. Recruiting Mr.

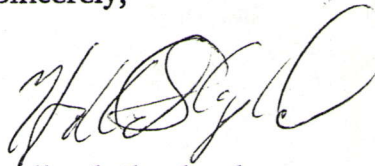
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Beirschied's help will no doubt help you in obtaining successful reclamation of the site, in the long run. He has had a lot of experience doing this type of reclamation in southeastern Utah, and is a conscientious worker.

Your efforts in facilitating the reclamation and transfer of the mining property, are appreciated. It has made my job a lot easier and saved me a considerable amount of time.

Please call or write if you have further questions. I look forward to working with you further.

Sincerely,

A handwritten signature in dark ink, appearing to read 'H. Shepherd', written in a cursive style.

Holland Shepherd
Senior Reclamation Specialist

jb
Enclosure
cc: Carl Dixon, Atlas
Eric Swenson, Attorney
Wayne Hedberg, DOGM
M037024.1

SURETY ESTIMATE UPDATE

Happy Jack Mine

M/037/024

Prepared by Utah Division of Oil, Gas & Mining
June 12, 1991

DESCRIPTION:

1. This estimate covers only revegetation costs for the site.
2. All other reclamation work was completed 4/91.
3. This surety covers a three year time frame.

RECLAMATION DETAILS:

Seed Mix	15 lbs/ac	\$180/ac
Seed Mix Hand Broadcast		\$15/ac
Total Acres = 9		
Subtotal	9 ac X \$195	\$1,755
+ 10% Contingency		\$1,931

CALCULATIONS

	YR	ESCAL FACTOR	BOND AMOUNT
$F = P(1 + i)^{**n}$			
F = Future Sum	1991	0.0145	\$1,931
P = Present Sum	1992	0.0145	\$1,959
i = Escalation Factor	1993	0.0145	\$1,987
n = number of periods	1994	0.0145	\$2,016

Three Yr Average = 1.45%
Used to Project 5 Yrs

Updated Surety Amount Rounded (1994 \$) \$2,000